



19-25, Conservatory Street, Floriana, Malta
Company Registration Number C89431
(the "Company")

Company Announcement

The following is a company announcement issued by FES Finance p.l.c. ("FES" or the "Company") pursuant to Rule 4.11.12 of the Prospects Rules.

The Company refers to the obligation to which Prospects MTF companies are subject to in terms of Rule 4.11.03 and Rule 4.11.12 relating to the publication of the twelve-month financial information as defined in Table 1 paragraph 3 and specifically the publication and dissemination via an announcement of Financial Sustainability Forecasts including management assumptions thereon ('FSFs'). The below copy of the Group FSFs (which consists of FES Projects Ltd and its subsidiaries FES Operations Ltd, FES Finance p.l.c. and Contractors Only Limited), as approved by the Board of Directors, are based on the following assumptions:

Revenues

The Group is expected to generate revenue of €2.5 million for the year ending 31 December 2023. As the Euro Guesthouse is temporarily closed in view of the development works expected to be undertaken in the forthcoming months, the projected revenue is based on turnkey contractor projects generated from private customers, undertaken by Contractors Only Limited during 2023.

Direct costs

The direct costs relating to the contracted tenders are assumed at 65% of the contracted revenue that Contractors Only Limited shall generate during the projected period.

Administrative expenses

Administrative expenses are expected to amount to c. €0.3 million in FY2023, and primarily consist of administrative salaries, professional fees, insurance costs and depreciation and amortization costs.

Finance costs

Finance costs are expected to total €0.4 million in FY2023 and consist of interest on (i) the €5 million Secured Prospects MTF Bond; (ii) a facility issued by FCM Bank in 2021 to support the tenders in hand; and (iii) a loan of €1 million from a third party. In line with IAS 23, part of this interest cost is expected to be capitalized as part of property, plant and equipment, given that the development on the Euro Guesthouse meets the qualifying asset criteria stipulated in the said standard.

Taxation

Current taxation is provided at 35% chargeable income for the period.

Share capital issue

In FY2023, it is expected that an additional €1 million will be raised by shareholders to contribute towards the development works of the Euro Guesthouse.

Consolidated income statement of FES Group

Projected consolidated income statement for the year ending

€000	FY2023
Revenue	2,500
Cost of sales	(1,625)
Gross profit	875
Administrative expenses	(309)
Operating profit	566
Net finance costs	(395)
Profit before tax	171
Tax expense	(60)
Profit after tax	111

Consolidated statement of financial position of FES Group

Projected consolidated statement of financial position as at

€000	31-Dec-23
Assets	
Non-current assets	
Property, plant and equipment	7,483
Deferred tax asset	409
Total non-current assets	7,892
Current assets	
Inventory	50
Trade and other receivables	2,369
Contract asset	-
Cash and cash equivalents	1,056
Total current assets	3,476
Total assets	11,368
Equity and liabilities	
Equity	
Share capital	2,818
Retained earnings	(194)
Total equity	2,624
Non-current liabilities	
Borrowings	7,390
Deferred tax liability	304
Total non-current liabilities	7,694
Current liabilities	
Trade and other payables	1,050
Total current liabilities	1,050
Total liabilities	8,744
Total equity and liabilities	11,368

Consolidated statement of cash flows of the FES Group

Projected consolidated statement of cash flows for the year ending

€000	FY2023
Cashflows from operating activities	
Cash generated from operating activities	1,055
Cash generated from investing activities	(1,000)
Cash generated from financing activities	1,000
Net movement in cashflows	1,055
Opening balance in cash and cash equivalents	1
Closing balance in cash and cash equivalents	1,056



Dr Reuben Debono

Company Secretary

28 April 2023
